

**OFFICIAL
DOCUMENTS**

LOAN NUMBER 8600-PK

Program Agreement

(Punjab Job and Competitiveness Program)

between

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

and

PROVINCE OF PUNJAB

Dated *June 17*, 2016

PROGRAM AGREEMENT

Agreement dated June 17, 2016, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and PROVINCE OF PUNJAB (“Program Implementing Entity”) (“Program Agreement”) in connection with the Loan Agreement (“Loan Agreement”) of same date between the ISLAMIC REPUBLIC OF PAKISTAN (“Borrower”) and the Bank. The Bank and the Program Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Loan Agreement or the General Conditions.

ARTICLE II — PROGRAM

- 2.01. The Program Implementing Entity declares its commitment to the objectives of the Program. To this end, the Program Implementing Entity shall carry out the Program in accordance with the provisions of Article V of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Program.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Program Implementing Entity shall otherwise agree, the Program Implementing Entity shall carry out the Program in accordance with the provisions of the Schedule to this Agreement.

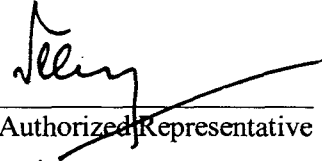
ARTICLE III — REPRESENTATIVE; ADDRESSES

- 3.01. The Program Implementing Entity’s Representative is the Secretary of its Planning and Development Department.

AGREED at Islamabad, Islamic Republic of Pakistan, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By


Authorized Representative

Name: Patchamuthu Illangovan

Title: Country Director

PROVINCE OF PUNJAB

By


Authorized Representative

Name: Iqbal Ali Sahoo

Title: Secretary,

SCHEDULE

Program Execution

Section I. Implementation Arrangements

A. Program Fiduciary, Environmental and Social Systems

Without limitation on the provisions of Article V of the General Conditions, the Program Implementing Entity shall carry out the Program in accordance with financial management, procurement and environmental and social management systems acceptable to the Bank ("Program Fiduciary, Environmental and Social Systems") which are designed to ensure that:

1. the Loan proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and
2. the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

B. Anti-Corruption

Without limitation upon the provisions of Section I.A of this Schedule, the Program Implementing Entity shall carry out the Program in accordance with the provisions of the Anti-Corruption Guidelines.

C. Other Program Institutional and Implementation Arrangements

1. Program Institutions

Without limitation on the generality of Section I.A of this Schedule, the Program Implementing Entity shall be responsible for the management, coordination, implementation and monitoring and evaluation of the Program in accordance with the following arrangements:

(a) Steering Committee

- (i) The Program Implementing Entity shall provide overall strategic direction and guidance and facilitate the coordination between different departments and levels within the Program Implementing Entity during Program implementation.
- (ii) To this end, the Program Implementing Entity shall establish in accordance with the Program Action Plan and thereafter maintain,

throughout the period of implementation of the Program, the Steering Committee, with composition, institutional framework, powers, functions, and resources satisfactory to the Bank, and supported by competent personnel in adequate numbers for such purpose.

(b) PRMP

- (i) The Program Implementing Entity shall, through PRMP, be responsible for the management and coordination of the day-to-day implementation of the Program activities by various entities of the Program Implementing Entity; the monitoring of results under the Program; and the preparation of performance and financial reports on Program implementation.
- (ii) To this end, the Program Implementing Entity shall maintain, throughout the period of implementation of the Program, the PRMP, with composition, institutional framework, powers, functions, and resources satisfactory to the Bank, and supported by competent personnel in adequate numbers for such purpose.

(c) EPA

The PRMP shall ensure that the Program Implementing Entity takes all necessary actions to ensure that EPA's capacities shall be strengthened so as to enable it to actively and efficiently carry out its responsibilities in the implementation of the Program, including to ensure compliance of the Program's activities with the Program Implementing Entity's environmental laws and regulations, and diligent implementation of the recommendations of Section 7 (Recommendations and Proposed Actions) of the ESSA.

(d) Department of Labor, Department of Women's Development

The PRMP shall ensure that the Program Implementing Entity takes all necessary actions to ensure that the Department of Industry, Department of Labor and Department of Women's Development shall actively and efficiently carry out its responsibilities in the implementation of the Program, including to ensure compliance of the Program's activities with the Program Implementing Entity's social laws and regulations, and diligent implementation of the recommendations of Section 7 (Recommendations and Proposed Actions) of the ESSA.

2. Program Action Plan

- (a) Without limitation on the generality of Section I.A of this Schedule, the Program Implementing Entity shall:
 - (i) carry out the Program Action Plan in a manner satisfactory to the Bank; and

- (ii) refrain from amending, revising, waiving, voiding, suspending or abrogating, or allowing to be amended, revised, waived, voided, suspended or abrogated, any provision of the Program Action Plan, without the prior written concurrence of the Bank.
- (b) In case of any inconsistency between the provisions of the Program Action Plan and those of this Agreement and/or the Loan Agreement, the provisions of the latter agreements shall prevail.
3. Program Manual
- (c) Without limitation on the generality of Section I.A of this Schedule, the Program Implementing Entity shall:
- (i) carry out the Program in accordance with the provisions of the Program Manual; and
 - (ii) except as the Bank shall otherwise agree, refrain from amending, revising, waiving, voiding, suspending or abrogating, any provision of the Program Manual, if such amendment or waiver may, in the opinion of the Bank, materially or adversely affect the implementation of the Program.
- (b) In case of any inconsistency between the provisions of the Program Manual and those of this Agreement and/or the Loan Agreement, the provisions of the latter agreements shall prevail.

Section II. Excluded Activities

The Program Implementing Entity shall ensure that the Program shall exclude any activities which:

- A. in the opinion of the Bank, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or
- B. involve the procurement of: (i) works, estimated to cost \$ 50,000,000 (fifty million Dollars) equivalent or more per contract; (ii) goods, estimated to cost \$ 30,000,000 (thirty million Dollars) equivalent or more per contract; (iii) non-consulting services, estimated to cost \$ 20,000,000 (twenty million Dollars) equivalent or more per contract; or (iv) consultants' services, estimated to cost \$15,000,000 (fifteen million Dollars) equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation; Audits

A. Program Reports

1. (a) The Program Implementing Entity shall monitor and evaluate the progress of the Program and prepare Program Reports in accordance with the provisions of Section 5.08 of the General Conditions. Each Program Report shall cover the period of one calendar semester, and shall be furnished to the Borrower not later than one month after the end of the period covered by such report for incorporation and forwarding by the Borrower to the Bank of the overall Program Report.
- (b) Without limitation on the generality of the provision of Section III.A.1 (a) above, each Program Report shall include a section on compliance with the Program Action Plan in general and with the actions taken by the Program Implementing Entity to implement the recommendations of Section 7 of the ESSA in particular.
2. Without limitation on the generality of the provisions of Section III.A.1 above, the Program Implementing Entity shall:
 - (a) for the purpose of verifying Disbursement Linked Results, engage, not later than June 30 of each calendar year, with the first such engagement not later than June 30, 2017, an independent third party entity or entities, with qualifications, experience and terms of reference satisfactory to the Bank, to undertake the verification process referred to in Section III.A.2(b) below;
 - (b) undertake, at least annually, a verification process, in a manner satisfactory to the Bank, through the independent third party entity or entities engaged pursuant to Section III.A.2(a) above, to ascertain whether the Disbursement Linked Results have been achieved for the Periods under review; and
 - (c) furnish to the Bank corresponding verification reports, in form and substance acceptable to the Bank, by not later than August 31 of each calendar year, with the first such engagement not later than August 31, 2017.
3. Mid-term Review.

The Program Implementing Entity shall:

 - (a) carry out jointly with the Bank and the Borrower, not later than thirty (30) months after the Effective Date, or such other period as may be agreed with the Bank, a midterm review of the Program to assess the

status of Program implementation, as measured against the indicators agreed with the Bank and the legal covenants included or referred to in this Agreement.

- (b) to this end, prepare and furnish to the Bank at least one (1) month before such review, a report, in scope and detail satisfactory to the Bank and integrating the results of the monitoring and evaluation activities performed pursuant to Section III.A.1 of this Schedule, on the progress achieved in the carrying out of the Program during the period preceding the date of such report (including compliance with the Program Action Plan and implementation of the recommendations of Section 7 of the ESSA) and setting out the measures recommended to ensure the efficient carrying out of the Program and the achievement of the objective thereof during the period following such date; and
- (c) review jointly with the Bank and the Borrower the report referred to in the preceding paragraph and thereafter take all measures required to ensure the efficient completion of the Program and the achievement of the objective thereof, based on the conclusions and recommendations of such report and the Bank's views on the matter.

B. Program Financial Audits

- 1. Without limitation on the generality of Section I.A of this Schedule and Section 5.09 of the General Conditions, the Program Implementing Entity shall have the Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Program Implementing Entity. The audited Financial Statements for each such period shall be furnished to the Borrower not later than eight (8) months after the end of such period for incorporation and forwarding by the Borrower to the Bank of the audited Financial Statements.
- 2. The Program Implementing Entity shall provide to the Borrower not later than five (5) months after the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

Section IV. Other Undertakings

- 1. The Program Implementing Entity shall at all times during the implementation of the Program shall carry out the Program in accordance with the provisions of the Borrower's and the Program Implementing Entity's environmental and social laws and regulations, and the Program Action Plan.

2. The Program Implementing Entity represents and warrants that it shall take all measures necessary on its part to ensure the compliance with the Borrower's and the Program Implementing Entity's environmental and social laws and regulations with respect to the permitting, licensing, construction, operation and/or maintenance of any Follow-On Investment, whether during Program implementation or after the Closing Date.

3. The Program Implementing Entity expressly acknowledges and agrees that the Bank shall be held harmless from any losses, claims, damages, awards, penalties, or liability incurred which arise from any claim by any third party arising out of:
(a) the execution of the Program, or any action taken by the Program Implementing Entity or the entities and authorities involved in the implementation of the Program; or
(b) any Follow-On Investment.